

SECRET

DPS-0908 ✓

27 June 1958

MEMORANDUM FOR: Contracting Officer, DPS/DCI
Comptroller, DPS/DCI

THROUGH : Deputy Director, DPS/DCI

SUBJECT : Recent Contract Actions

25X1A

25X1A

1. I have just had occasion to secure the Director's signature on five contract actions, all involving CHALICE Fiscal Year 1959 funds [REDACTED]. I am prompted by this batch of documents to raise two points which have concerned me for sometime.

25X1A

2. One concerns purely the form of the enabling memorandum which is drafted as a memorandum for the record and on which appropriate officers of the Agency, including myself and the DCI, sign off. These documents quite often fail to make clear exactly what additional sum will be obligated by the contract in question. An example is DPS-1538. Paragraph 3 of this memorandum explains the purpose of amendment #1 to Contract SP-1918. Paragraph 4 sets forth "the total funding for this contract including this amendment". Diligent search by the Director and myself failed to reveal, however, how much additional money would be obligated by amendment #1. I suggest that paragraph 4 in the standard format invariably begin with a sentence which states the amount of additional funds to be obligated from what sources. The paragraph could then continue, if appropriate, to give the total value of the contract including the proposed new financing.

3. A more serious question raised by this batch of contracts is whether it is wise practice to obligate at this time (or as soon as FY 1959 funds are available) funds which will cover a full year's costs under various contracts despite the fact that the only CHALICE budget which has already been officially approved covers only one-half of the year's operation. It occurred to me that if our full operational budget is not approved, we may have tied up too large a proportion of our resources by these obligating actions taken early in the fiscal year. I raised this question to [REDACTED] and was assured by him that you are obligating funds for only the first six months performance under our contracts and would amend them subsequently when the budget had been approved. Examination of at least a half dozen recent contract

25X1A

SECRET

SECRET

- 2 -

documents suggests that this practice is not being followed and that the Contracting Officer is seeking approval for the obligation of twelve months rather than six months funds in most cases. I invite the comments of both addressees on this second point.

181
RICHARD M. BISSELL, JR.
Special Assistant to the Director
for Planning and Development

RMB:djm

1 - Contracting Officer, DPS/DCI

1 - Comptroller, DPS/DCI

1 - Dep Dir, DPS/DCI

1 - SA/PD/DCI FU

1 - SA/PD/DCI Chrono

SECRET